

JIM NUSSLE, IOWA
CHAIRMAN

JIM RYUN, KANSAS
ANDER CRENSHAW, FLORIDA
ADAM H. PUTNAM, FLORIDA
ROGER F. WICKER, MISSISSIPPI
KENNY C. HULSHOF, MISSOURI
JO BONNER, ALABAMA
SCOTT GARRETT, NEW JERSEY
J. GRESHAM BARRETT, SOUTH CAROLINA
THADDEUS G. MCCOTTER, MICHIGAN
MARIO DIAZ-BALART, FLORIDA
JEB HENSARLING, TEXAS
ILEANA ROS-LEHTINEN, FLORIDA
DANIEL E. LUNGREN, CALIFORNIA
PETE SESSIONS, TEXAS
PAUL RYAN, WISCONSIN
MICHAEL K. SIMPSON, IDAHO
JEB BRADLEY, NEW HAMPSHIRE
PATRICK T. MCHENRY, NORTH CAROLINA
CONNIE MACK, FLORIDA
K. MICHAEL CONAWAY, TEXAS
CHRIS CHOCOLA, INDIANA

JAMES T. BATES, CHIEF OF STAFF
(202) 226-7270



U.S. House of Representatives

COMMITTEE ON THE BUDGET

Washington, DC 20515-6065

December 12, 2005

JOHN M. SPRATT, JR., SOUTH CAROLINA
RANKING MEMBER
DENNIS MOORE, KANSAS
RICHARD E. NEAL, MASSACHUSETTS
ROSA L. DELAURIO, CONNECTICUT
CHET EDWARDS, TEXAS
HAROLD E. FORD, JR., TENNESSEE
LOIS CAPPS, CALIFORNIA
BRIAN BAIRD, WASHINGTON
JIM COOPER, TENNESSEE
ARTUR DAVIS, ALABAMA
WILLIAM J. JEFFERSON, LOUISIANA
THOMAS H. ALLEN, MAINE
ED CASE, HAWAII
CYNTHIA MCKINNEY, GEORGIA
HENRY CUELLAR, TEXAS
ALLYSON Y. SCHWARTZ, PENNSYLVANIA
RON KIND, WISCONSIN

THOMAS S. KAHN, MINORITY STAFF DIRECTOR
AND CHIEF COUNSEL
(202) 226-7200

House Tax Cut Agenda Cuts Revenues by \$295 Billion

Dear Democratic Colleague:

Because last week's House floor consideration of tax cuts was divided into four separate bills, the full effect of these tax changes may not have been immediately apparent. As the attached table details, the four bills passed last week reduce revenues by a total of \$95 billion over five years. When the cost of tax cuts in three bills passed earlier this year are included, tax cuts passed by the House this year cost a total of \$108 billion.

One of last week's bills helped to alleviate the burden of the Alternative Minimum Tax (AMT) on middle-income families, while still ensuring that all Americans pay their fair share of taxes. Not surprisingly, the bill passed with almost unanimous support. In order to fully understand the impact of House tax cuts, it is important to know that this "patch" was just a one-year fix, and that the long-term costs of repairing the AMT are much higher. The Congressional Budget Office estimates the total five-year cost for fixing the AMT will amount to \$218 billion. When this cost is added to the tax cuts already passed by the House, the total cost of the tax cuts rises to \$295 billion.

Even if the conference report on spending reconciliation were to adopt the House level on those spending cuts – \$50 billion – the spending cuts would pay for just a small portion of this tax agenda. Clearly, the Republican budget is not committed to deficit reduction; rather, it is committed to more tax cuts, without fully paying for them.

Sincerely,

John M. Spratt, Jr.
Ranking Democratic Member

2005 House Tax Cuts

(Including Five-Year AMT Fix)

Bill	Five-Year Cost
SAFETEA-LU (H.R. 3)	\$0.5 Billion
Energy Policy Act (H.R. 6)	\$6.9 Billion
Katrina Emergency Tax Relief Act (H.R. 3768)	\$6.1 Billion
Stealth Tax Relief Act (H.R. 4096)	\$31.2 Billion (One-Year Cost)
Extension of AMT Relief for Additional Four Years	\$187 Billion
Tax Relief Extension Reconciliation Act (H.R. 4297)	\$56.1 Billion
Tax Revision Act (H.R. 4388)	\$153 Million
Gulf Opportunity Zone Act (H.R. 4440)	\$7.1 Billion
Total Cost	\$295 Billion